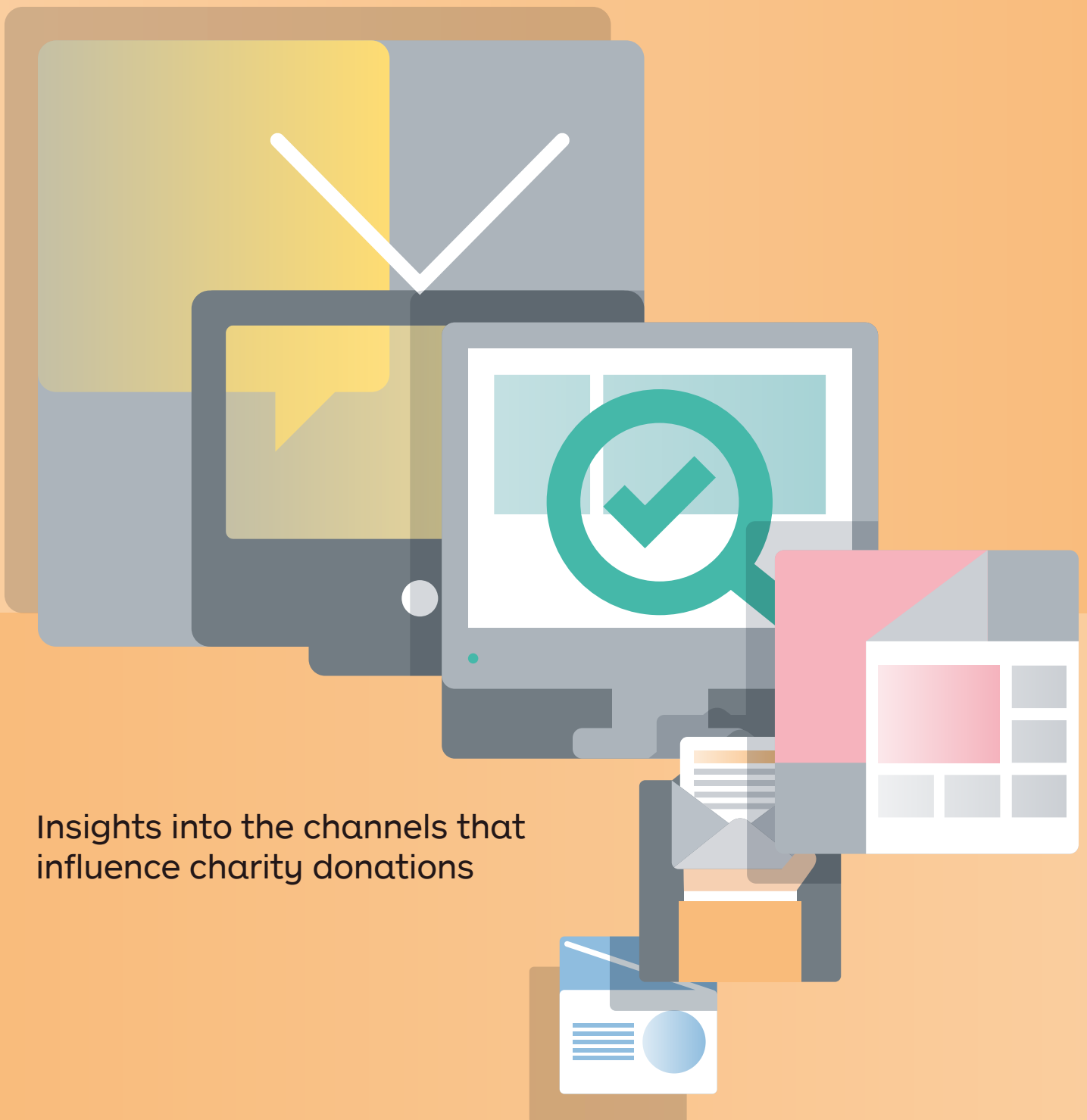




ACRS

Creating connections that matter

Optimising the advertising mix for charities



Insights into the channels that influence charity donations

A question of balance



With an ever-growing number of available marketing channels, the task of reaching, informing and influencing donors may feel increasingly complex. How can charity marketers be certain they are using the most effective channels, whether in isolation or as part of a multichannel strategy, to improve their fundraising efforts?

To understand how charity marketers can reach their donors more efficiently and effectively, Australia Post commissioned the Australian Consumer, Retail, and Services (ACRS) Research Unit within Monash Business School's Department of Marketing to carry out independent research with over 3,000 Australian consumers.

This was part of a larger research study into channel effectiveness across other sectors, including financial services, superannuation and utilities, which surveyed over 11,500 consumers in total.

In addition to understanding the effectiveness of single-channel advertising, we were interested to learn how combinations of channels interplay to influence charity donor decision making.

For marketers with more limited resources in the charity sector, it's never been more important to allocate budgets effectively. With more than 56,000 charities in Australia, we have more organisations seeking donations than ever before¹ – and as the level of individual annual giving remains flat (at an average of \$504 in 2015)² there is increasing pressure to acquire and retain supporters.

Despite many new opportunities available to target and engage customers, this report highlights the value of continuing to invest in so-called 'traditional' channels. These findings are timely, given the need to find balance between 'push' and 'pull' marketing strategies – between offline and online marketing – and could signal an opportunity to achieve more marketing impact, with less.

We hope this report helps you develop a more effective marketing strategy for your charity and target audience, by assisting you to engage through the channels that may subconsciously influence their charity donations most.

Paul Fanthorpe
General Manager
Customer Research & Insights
Australia Post

¹ The Cause Report, JBWere, February 2016 <http://www.jbwere.com.au/content/dam/jbwere/documents/the-cause-report.pdf>

² Australian Giving Trends: Signs of life, JBWere annual report, December 2015 http://www.jbwere.com.au/content/dam/jbwere/documents/JBWere%20Report_Australian%20Giving%20Trends_Dec%202015_FINAL.pdf

A new model to optimise marketing influence



For more than 35 years, the Australian Consumer, Retail, and Services (ACRS) research unit within the Department of Marketing at the Monash Business School has been a globally-respected source of retail, services, consumer and marketing insights. ACRS's research bridges academic thinking with business relevance, practicality and strategy.

Having undertaken several studies on multichannel marketing effectiveness, ACRS closely monitors shifts in consumer decision making and behaviour across the purchase journey. One of the most striking changes over the past decade has been the interplay of an increasingly complex channel mix, as consumers become exposed to more marketing touch points.

This report highlights the degree of influence of each channel within a multichannel mix on donor decision making.



New insights into marketing channel preferences and behaviours

The results in this report reveal the optimal single-channel tactics and advertising mix for influencing the charity donation decisions of Australian consumers – and some channels are more influential than others.

Once we understand which single-channels and combinations of channels are effective and how they vary by audience segment, it's easier to make decisions about marketing budget alignment. This is particularly important given that social media is predicted to be a key future area of investment for Australian marketers at the expense of traditional channels such as TV advertising, catalogues and flyers and direct mail.³ Yet this study finds those traditional channels are more influential than social media advertising in consumers' charity donation decisions.

The findings in this report highlight how charity marketers can select the right advertising channels for their target audience(s). Ultimately, that may mean being smarter about using fewer channels to meet the expectations of today's discerning consumers in a multichannel marketing world.

Sean Sands AMAMI CPM

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Monash Business School
Monash University

³ Predictions: 16 digital marketing trends for 2016, CMO Australia, 2015, <http://www.cmo.com.au/article/590827/predictions-16-digital-marketing-trends-2016/+&cd=4&hl=en&ct=clnk&gl=au>.



What advertising channels influence charity donations?

To find out, Australia Post commissioned a survey of more than 3,000 Australian consumers who had recently made a charity donation.

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Executive summary

Given the increasing number of channels available, how can charity marketers be certain they are using the most effective strategies to influence potential and current donors?

For charities, where budgets are lean and there is growing competition for the donor dollar, it can be challenging to get cut through.

Re-thinking the role of advertising channels

There's no doubt marketing has changed in recent years, with a noticeable shift towards digital strategies.

Many marketers are focusing their energies on building engagement through relevant online content and inbound strategies. According to the latest CMO Spend Survey, 65 per cent of marketers ranked social media marketing as the highest area of investment in 2015.¹

However, the decision to give is typically based on the emotional response to an outbound message – whether that's storytelling through TV advertising, or a personal appeal via mail, radio, print advertising or other channels. With the fragmentation of marketing channels, quality advertising that creates an emotional trigger is the only way to cut through.

A multichannel advertising strategy allows charity marketers to strategically push their message out to potential supporters – educating and informing them of the impact of their work – through more 'traditional' outbound advertising channels. As this report highlights, these channels are still effective and can be used to convert interest into a donation or bequest.



This report will help you to:

- **Influence Australian charity donors with the most effective single-channel tactic or multichannel strategy**
- **Optimise your marketing strategy for your target audience(s).**

By understanding the most effective advertising channels for your target audience(s), you're better positioned to tailor your marketing strategy to reach, inform and persuade potential donors – and improve the ROI on your marketing spend.

Optimal channel combinations

To identify what the optimal single-channel and mix of advertising channels looks like for charities, this research asked the people they want to know and influence: Australian consumers.

The results in this report reveal the most effective advertising channel at three key stages in the donor decision making process. And they highlight the interplay between different channels within a multichannel mix – where at a certain point, additional investment in more channels may not be worthwhile.

¹ CMO Spend Survey 2015: <http://www.gartner.com/smarterwithgartner/digital-marketing-comes-of-age-in-gartners-cmo-spend-survey-2015-2016/>

Research approach

Developed, conducted and analysed by the ACRS research unit, this study captured consumer preferences for exposure to single advertising channels and multichannel combinations.

In addition to openly asking consumers which advertising channels they prefer, the survey was designed to expose the channels that actually influence consumers to donate to a charity by obtaining unconscious (unguarded) responses through advanced choice modeling.

Consumers qualified for participation based on having had a recent experience donating to a charity. Participants were asked to imagine themselves in a hypothetical situation at a specific stage in the donor decision cycle – initial consideration, evaluating options or final donation decision.

They were then presented with eight different sets of channels. The combination and range of channels varied in each set, and consumers were asked to make a series of choices related to which channel(s) would be most and least useful in their decision-making process. Across the total survey sample, every possible combination of channels was presented.

This enabled ACRS to identify the effectiveness of each channel and its contribution to donors' decisions at each stage of their journey – based on unconscious decision-making drivers.

There is no relationship between channel preference and the cost of channel(s) as an advertising medium.

For more information about the research methodology, please refer to the Appendix.

Isolated versus combined channel effectiveness

This report reveals consumer's preferences holistically, for exposure to a single channel across the donor decision cycle.

Optimal single-channel – refers to the individual channel that most effectively influences donors, as an isolated tactic.

It also outlines consumer preferences for exposure to a set of channels – for all Australians' and for individual audience segments.

Optimal advertising mix – refers to the mix of channels that most effectively influences consumers, as a multichannel approach.

Sample

A total of 3,005 consumers representative of the Australian population in terms of gender, age and residential location completed the survey.

Channels examined

-  **Catalogues and flyers**
-  **Personalised direct mail**
-  **TV advertising**
-  **Email marketing**
-  **Newspaper / magazine advertising**
-  **Websites**
-  **Radio advertising**
-  **Social media advertising**
-  **Billboards and other outdoor advertising**
-  **Banner ads on websites**

Audience segments



Youth

Typically university students or part-time workers, under 25 years of age.



Younger Professionals

Professionals under 40 years of age who have no children and a household income of between \$50,000 and \$150,000.



Younger Families

Families with children under 10 years of age who have a dual household income of between \$50,000 and \$150,000.



Older Families

Families with children over 10 years of age who have a dual household income of between \$50,000 and \$150,000.



Home Duties

Most likely to have small children, with a household income under \$50,000.



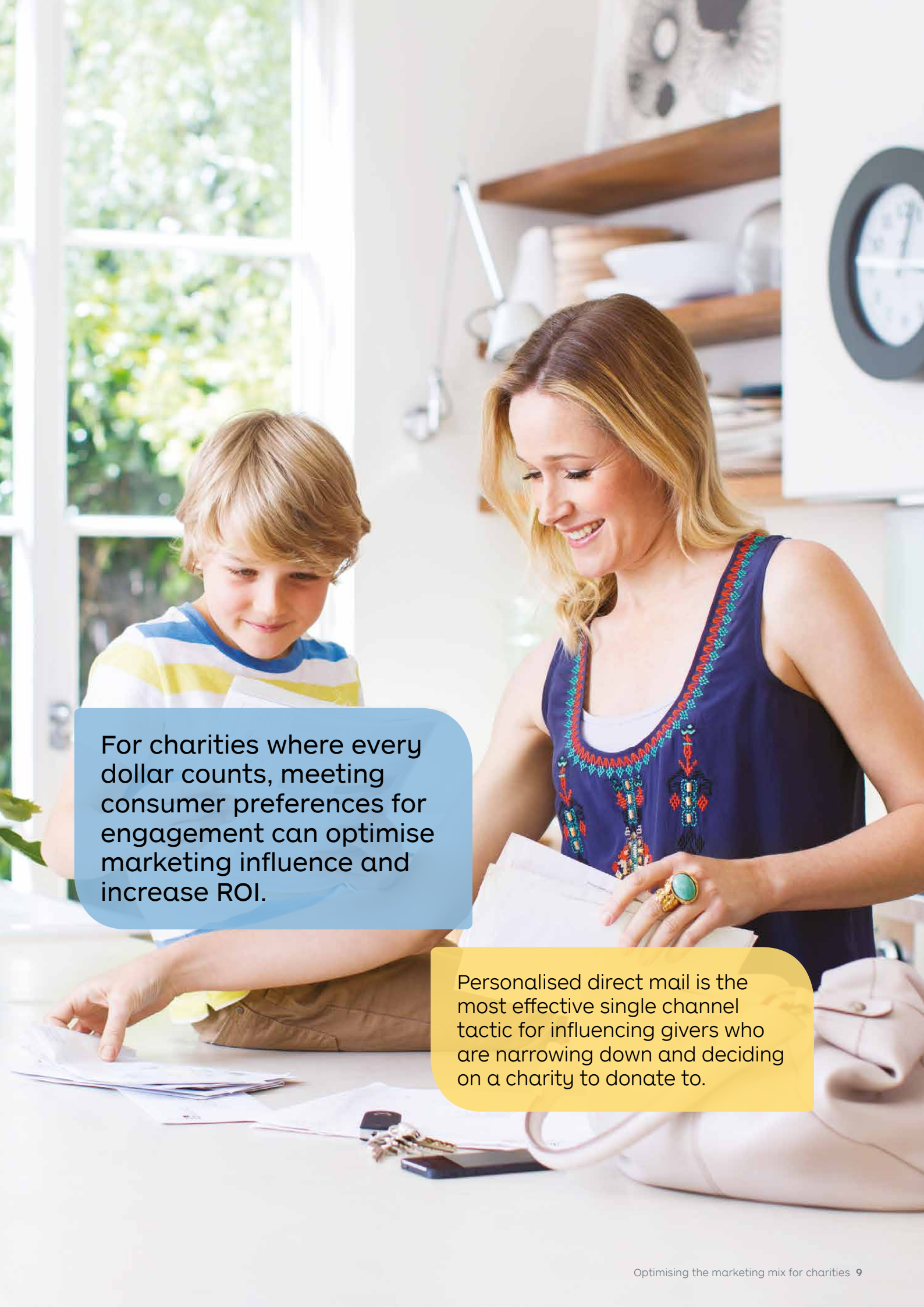
Older Professionals

Professionals over 40 years of age with a household income of over \$150,000.



Retirees


Seniors aged over 65 with a household income under \$50,000.



For charities where every dollar counts, meeting consumer preferences for engagement can optimise marketing influence and increase ROI.

Personalised direct mail is the most effective single channel tactic for influencing givers who are narrowing down and deciding on a charity to donate to.



A person's hand is visible in the lower-left corner, holding a folded newspaper. The background is a blurred city street at sunset or sunrise, with warm orange and yellow light and out-of-focus car headlights.

At a certain point, adding more channels to an advertising mix may not lead to any greater influence on donation decisions.

There is no relationship between a consumer's preference for exposure to a channel or combination of channels and advertising spend.

The value of channels in an optimal advertising mix represents the degree of influence on donation decisions.

What is the optimal single-channel tactic for charities?

For some charity marketers, lean marketing budgets can make multichannel strategies challenging. So what if just one advertising channel could provide an effective strategy?

When analysing the most influential single-channel tactic at each stage of the charity donor decision cycle, personalised direct mail is the leader overall – followed closely by TV advertising and then websites.

Obviously, investing in a website is essential as it's an important tool for potential givers seeking information and conversion (such as online donation payments). However, these findings are illuminating for marketers looking to maximise the impact of a smaller budget.

Personalised direct mail has more influence than any other channel when consumers are comparing charities and making a final decision between alternatives for their donation.

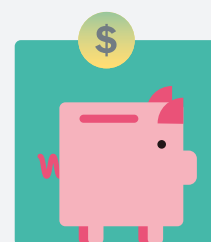
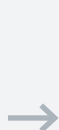
Hypothetical scenarios across donor decision cycle

One part of this study involved an experiment, which was designed to manipulate a specific charity donation decision across three donor journey stages using hypothetical scenarios.

Stages of the donor decision cycle



Donor



Initial consideration

Imagine that you are considering **donating to a charity** you do not currently donate to and looking at which charities and donation methods will be available to you.

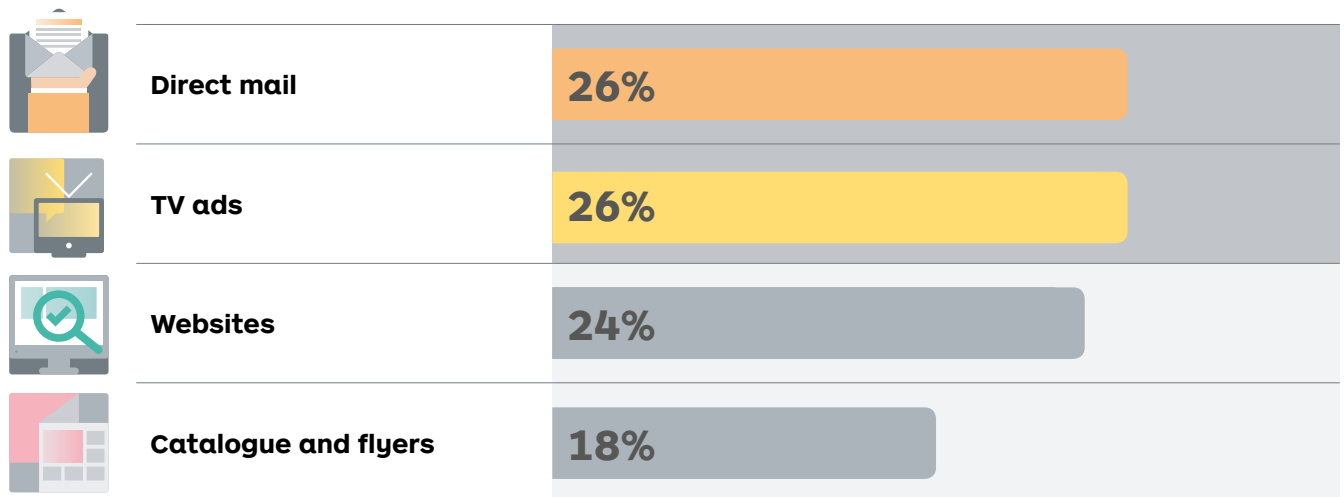
Evaluating options

Imagine that you are considering **donating to a charity** that you do not currently donate to. You have already looked at which charities and donation methods are available to you. You are now weighing up which one to choose.

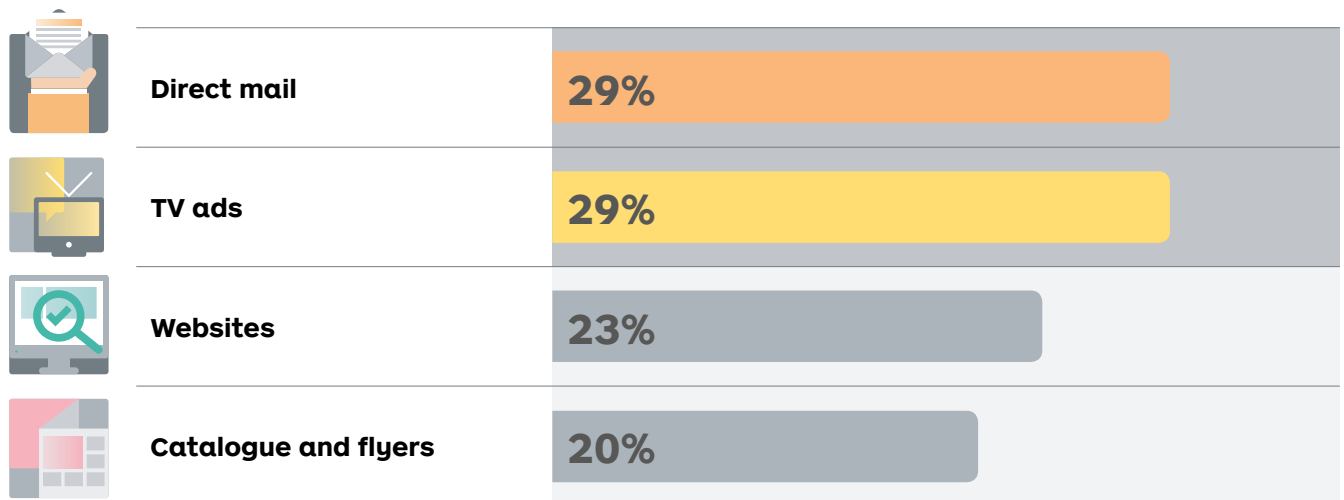
Donation decision

Imagine that you are considering **donating to a charity** that you do not currently donate to. You have already evaluated your options. You are now seeking to make a final decision and donate.

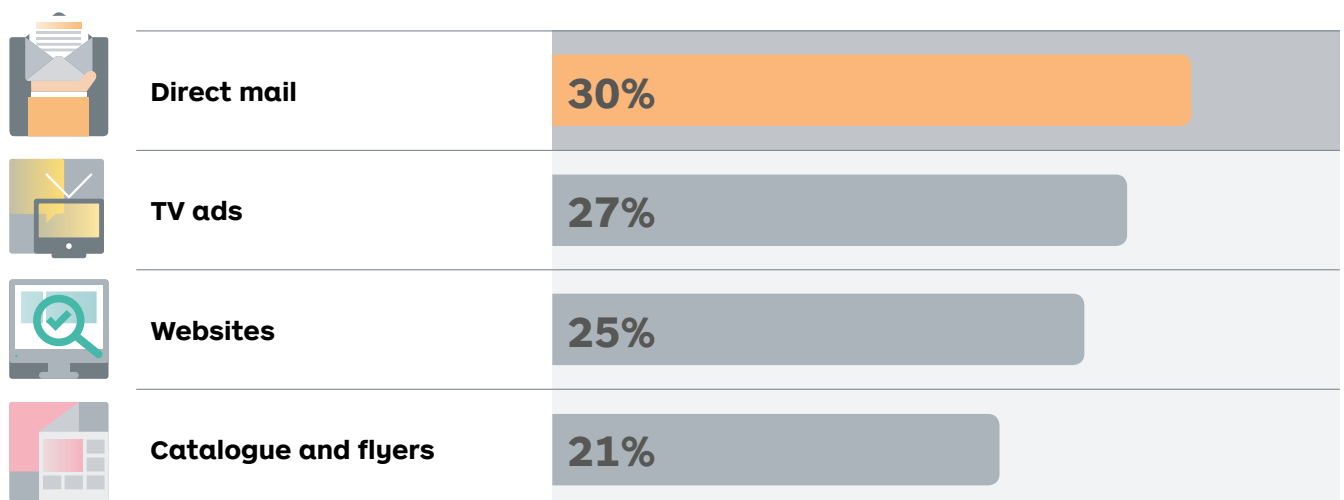
Initial Consideration



Evaluating Options



Donor decision



Notes: Single-channel effects based on unstated / revealed data from the choice modeling. Single-channels based on positive contributions only



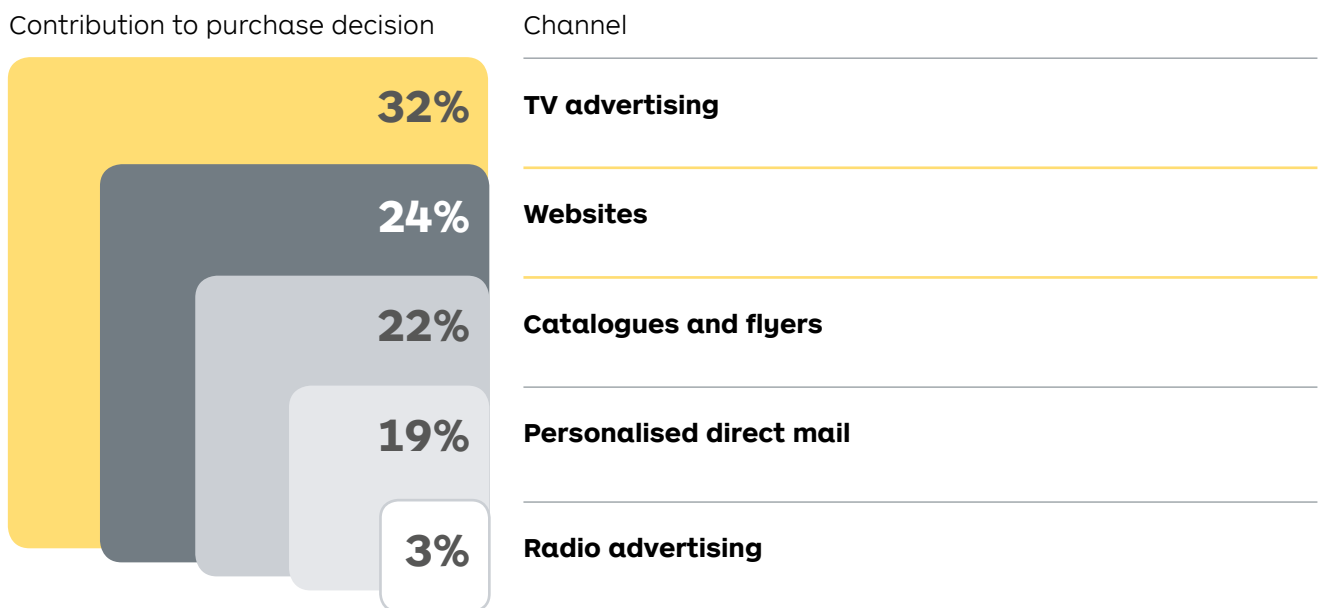
TV advertising is the most influential channel in the optimal advertising mix for charities seeking to target all Australians.

A combination of just 4 key channels can influence up to 97 per cent of a giver's decision to donate to a charity.

What is the optimal mix of advertising channels for charities?

For charity marketers seeking to optimise their marketing influence, the most effective combination of advertising channels looks surprisingly simple.

Optimal advertising mix for charities



Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

TV advertising dominates the mix

Despite a general marketing shift to online channels, TV advertising still plays a key role for charity marketing. This may reflect its ongoing use as a channel for appeals and storytelling: a 2014 study in the UK⁴ also found charity spending on TV advertising was still growing, in contrast with other sectors.

Traditional channels interplay to drive online conversion

Personalised direct mail and catalogues and flyers appear to interplay with TV advertising to drive donor conversion via a charity's website.

Perceptions of influence

Because the research analysis looked at openly-stated responses (how effective a channel is perceived to be) and unstated (based on unconscious choices for specific scenarios), ACRS uncovered an attitude-behaviour gap.

On an unconscious level, TV advertising is by far the most influential channel (32 per cent contribution to donation decision), yet when asked directly about the channels they use, consumers perceived these to be catalogues and flyers (18 per cent), then TV advertising (16 per cent) and websites (12 per cent). This highlights the difference between the channels we perceive to be useful and our unconscious decision drivers.

⁴ Charity advertising on the rise, Pro Bono Australia September 2014: <http://probonoaustralia.com.au/news/2014/09/charity-advertising-on-the-rise/>

Understanding demographic differences

Consumers are exposed to thousands of marketing messages every day. Reaching them on the right channel at the right time, and inspiring them to give, starts with understanding who you are communicating with.

Charity supporters no longer want to simply give money – they want to feel connected with the impact of their gift. Which may explain why crowd sourcing campaigns and event-led social enterprises are now capturing a share of the donor wallet.

When we break down the optimal mix of advertising channels for charities by life stage, channel preferences differ between audience segments. However one thing holds true across most: the importance of TV advertising.

Optimal advertising mix by audience segments

	Youth	Younger Professionals	Younger Families	
Websites				
Personalised direct mail				
TV advertising				
Catalogues and flyers				
Newspaper / magazine advertising				
Radio advertising				
Email marketing				
Billboards and other outdoor advertising				
Banner ads on websites				
Social media advertising				



Notably, social media ads don't contribute to the optimal mix of advertising channels for any audience segments. Billboards and other outdoor advertising also fare poorly, appearing in the optimal mix of only two segments: Retirees and Older Professionals.

Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

[illegible]

Youth

Given all the buzz about millennial preferences for brand engagement, the fact that social media ads don't influence their charity donations may come as a surprise. Perhaps the tangible nature of print has more cut-through than marketers think.

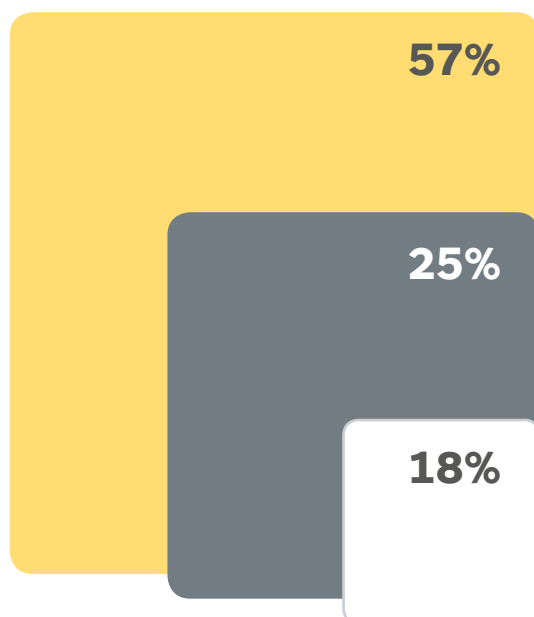


Optimal advertising mix for Youth

13% Youth

Contribution to purchase decision

Channel



TV ads

Newspaper / magazine ads

Email marketing

Notes: Combined channel effects notes based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

Younger Professionals

Interestingly, TV ads together with direct mail influence 49 per cent of a Younger Professionals decision to donate to a charity, challenging perceptions that traditional channels don't resonate with younger audiences. Press ads, catalogues and flyers and websites have fairly consistent contributions to the remainder of their decision.

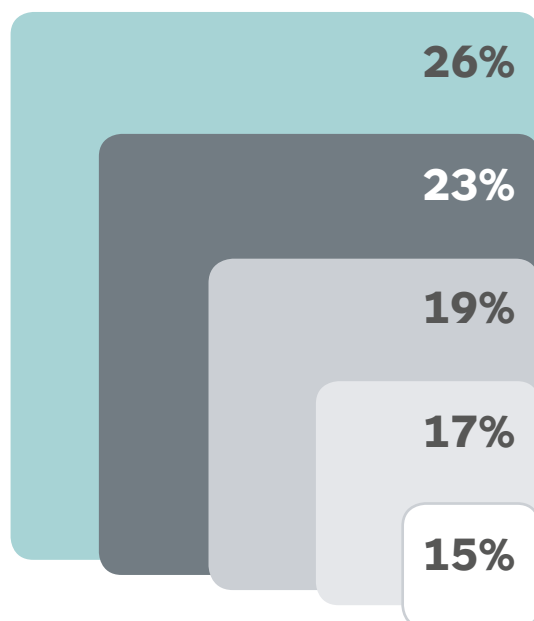


Optimal advertising mix for Younger Professionals

7% Younger Professionals

Contribution to purchase decision

Channel



TV ads

Personalised direct mail

Newspaper / magazine ads

Catalogues and flyers

Websites

Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

Younger Families

Together with a charity's website, TV ads, radio ads and catalogues and flyers combine to influence over 90 per cent of a Younger Family's decision to give to a charity.

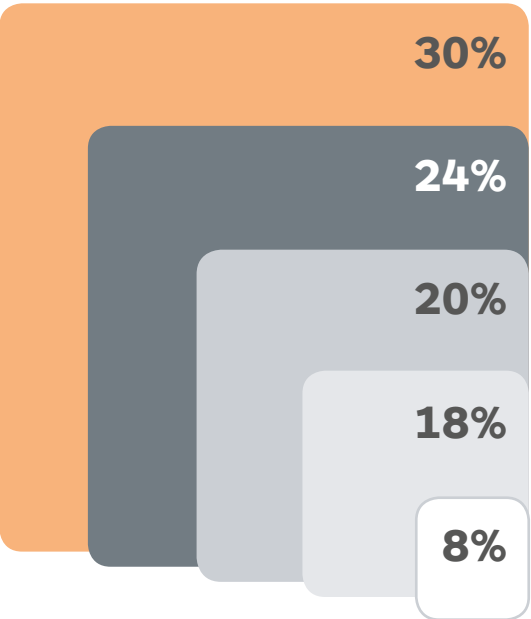


Optimal advertising mix for Younger Families

7% Younger Families

Contribution to purchase decision

Channel



Websites

TV ads

Radio ads

Catalogues and flyers

Personalised direct mail

Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

Older Families

Personalised direct mail has significantly more influence on the charity donations of Older Families than any other channel. Whilst a charity's website does not impact their decision to donate, TV ads and Press are key channels of influence in this segment.

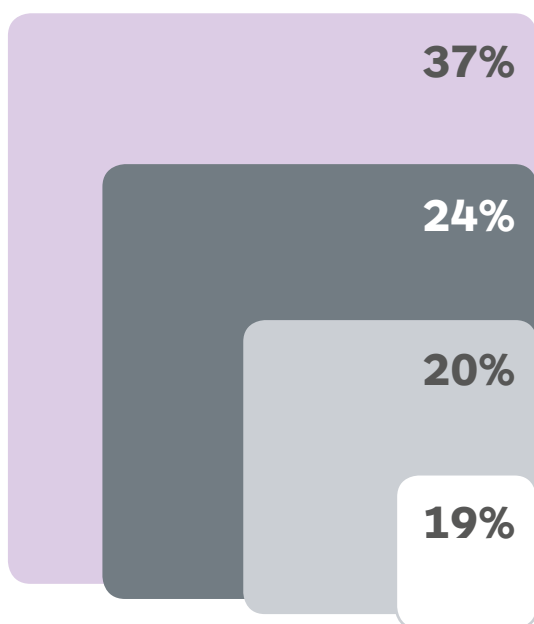


Optimal advertising mix for Older Families

23% Older Families

Contribution to purchase decision

Channel



Personalised direct mail

TV ads

Newspaper / magazine ads

Radio ads

Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

Home Duties

Radio advertising has far more influence on the charity donations of stay-at-home parents than any other audience segment. Understandably, TV ads and personalised direct mail are also key channels of influence for this segment. It may come as a surprise however, that a charity's website does not contribute to their decision to donate.

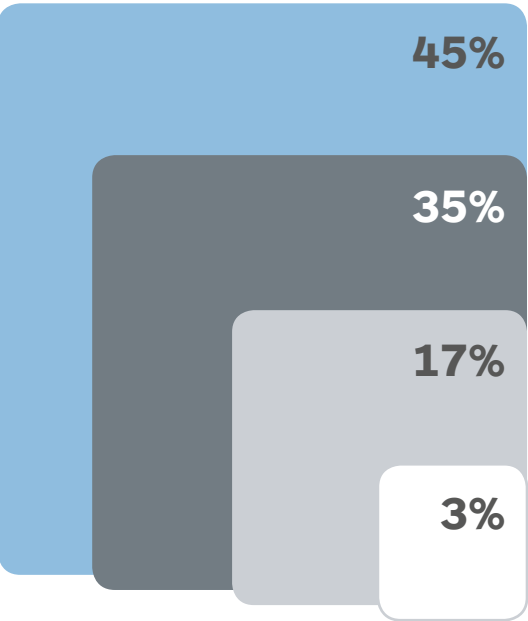


Optimal advertising mix for Home Duties

22% Home Duties

Contribution to purchase decision

Channel



Radio ads

TV ads

Personalised direct mail

Email marketing

Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

Older Professionals

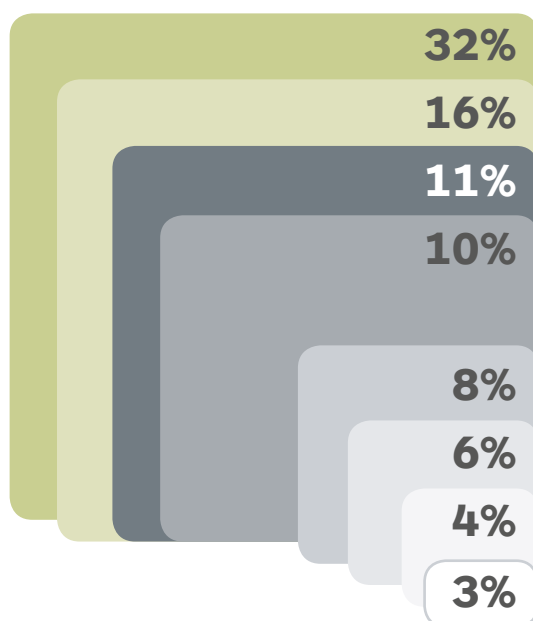
A wide and diverse range of channels reach Older Professionals. Notably, a charity's website has the greatest impact on their choice to donate and banner ads on websites are the next most influential channel. Together, these digital channels impact almost half of their donation decision.



Optimal advertising mix for Older Professionals

8% Older Professionals

Contribution to purchase decision



Channel

Websites

Banner ads on websites

Personalised direct mail

Radio ads

Billboards and other outdoor advertising

Email marketing

Newspaper / magazine advertising

TV ads

Catalogues and flyers

Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

Retirees

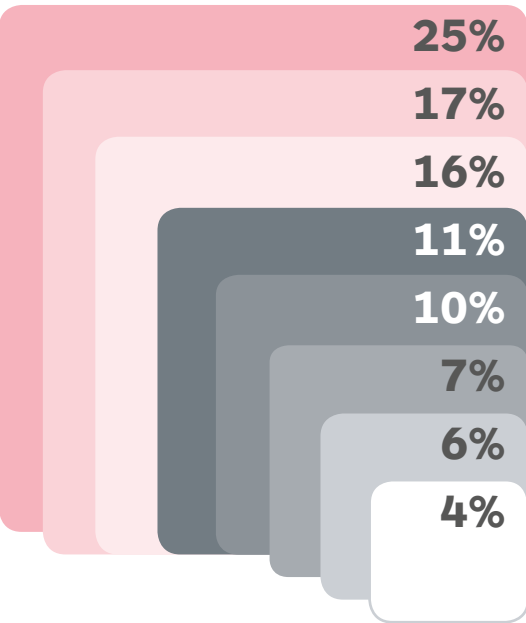
Retirees are influenced by a broad range of print and digital media. After websites, TV advertising and outdoor advertising have the highest level of influence on their donations.



Optimal advertising mix for Retirees

20% Retirees

Contribution to purchase decision



Channel

Websites

TV ads

Billboards and other outdoor advertising

Banner ads on websites

Radio ads

Email marketing

Newspaper / magazine advertising

Catalogues and flyers

Personalised direct mail

Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

There is no relationship between a consumer's preference for exposure to an advertising channel and advertising spend.

Older Professionals and Retirees are receptive to more advertising channels than any other segments – with up to nine channels influencing their charity donation decisions.



What's the social advertising story?

Social media advertisements do not feature in the optimal advertising mix of any audience segment. To understand why, we undertook further analysis of consumers' open responses about the effectiveness of social advertisements.

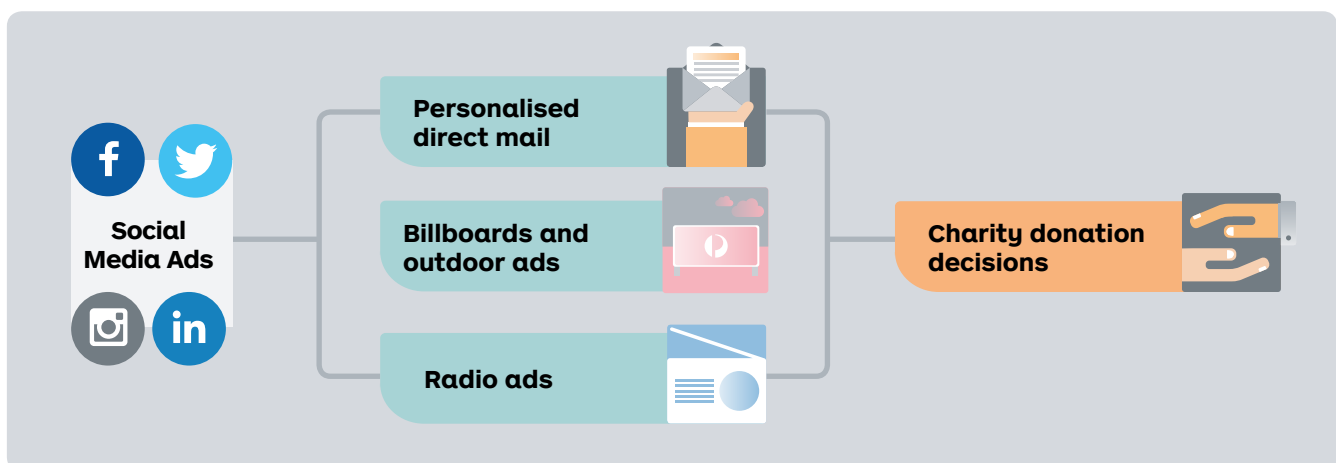
Concerns with social

When asked openly about their drivers for using or not using channels, consumers said social ads were 'easier to ignore' (64 per cent) and 'less trustworthy' (22 per cent). Clearly, this is a channel that marketers need to navigate wisely. There's a fine line between intruding into a customer's personal networks and providing useful and valuable content through their chosen social media platforms.

The interplay of channel pairs


Given nearly two-thirds of marketers are boosting budgets for advertising on social platforms in 2016⁶, you may be wondering how to increase the effectiveness of this channel.

This research found that when paired with specific channels, social ads do have more relevance and effectiveness increases.




Notes: Combined channel effects based on unstated / revealed data from the choice modeling. Channel combinations based on positive contributions only.

⁶ Salesforce Research State of Marketing 2016: <https://www.salesforce.com/blog/2016/03/state-of-marketing-2016.html>

A close-up, warm-toned photograph of a young woman with long blonde hair, smiling and looking down at a smartphone she is holding in her hands. The background is a bright, hazy sunset or sunrise over a body of water, creating a soft, golden glow. A blue speech bubble with white text is overlaid on the lower left of the image.

Social ads only influence charity donations when paired with specific channels.



These research findings should make strategy development easier for charity marketers – providing greater insight into the channel preferences of target audiences. By optimising your advertising mix, you can maximise your marketing impact.

Conclusion

For charities, the rewards of designing and implementing the most effective marketing strategy are potentially enormous – so it's vital to understand the relationship between specific channels.

Direct mail is the most influential single channel

If lean marketing budgets mean a charity can only focus its spend on just one communication channel, personalised direct mail is highly influential at every stage of the consumer's journey to donate. This can be an effective way to appeal directly to a target donor's motivation to give, or retain them as an engaged supporter and advocate by sharing stories of your work.

Optimising multichannel advertising for charity donations

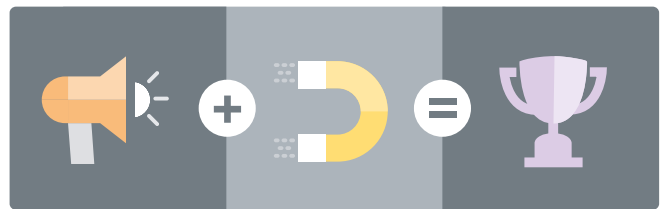
This research also reveals that the optimal advertising mix for charities is still skewed towards traditional channels. The four key channels – TV advertising, websites, personalised direct mail and catalogues and flyers – play a cohesive role in a successful multichannel approach.

Given the competition for charitable donations and pressure on budgets, being able to design an influential yet relatively simple multichannel strategy is good news for charity marketers. Indeed, at a certain point, spreading your budget more thinly over more channels may not lead to any greater impact.

Targeting the mix for your audience

It's also important to understand the different consumer preferences for each channel. Interestingly, as consumers age, the number of channels influencing their decision increases. And despite any assumptions about the time Youth may spend on social and digital media, this does not equate to increased effectiveness of social media ads and banner ads on websites. In fact, Older Professionals and Retirees are more receptive to digital channels than younger audience segments.

Advertising enhances other marketing efforts



If a strong content strategy is the cornerstone of your marketing approach, optimising your advertising strategy with the right interplay of channels for your target audience(s) can help you quickly build awareness and support donors through their decision making journey – ultimately moving the needle on fundraising revenue faster.

There is no doubt traditional channels are still a powerful way for charities to engage with their existing and potential donors – whether it's by using personalised direct mail as the sole channel of influence, or a carefully targeted multichannel strategy. Understanding who you are talking with, and their preferences and motivations for giving, will ultimately determine the success of that strategy.

Appendix

Research methodology

This study was commissioned by Australia Post and developed, conducted and analysed by the Australian Consumer, Retail, and Services (ACRS) research unit within the Department of Marketing at Monash Business School.

Choice modeling is commonly used to understand the decisions people make in their everyday lives, and in this study it was applied to measure the unique effectiveness of individual and combined advertising channels in the charity sector.

An online survey captured marketing channel effectiveness and interactions. This was part of a larger research study into channel effectiveness across other sectors, including financial services, superannuation and utilities, which surveyed over 11,500 consumers in total.

A total sample of 3,005 Australians representative of the population in terms of gender, age and residential location.

Consumers qualified for participation based on having recently made a charity donation. This ensured that the choice task was not too burdensome and was grounded within the context of a recent experience.

Consumers were asked to imagine themselves in a hypothetical situation at specific stage of the donor decision cycle.

They were presented with eight sets of varying combinations of channels, including different numbers of channels, to allow robust analysis of every possible variation. Across the total survey sample, these different sets were represented equally.

For each set, consumers were asked to make a series of choices based on the following questions:

- 1. Which combination of communication methods would be most and least useful?**
- 2. How useful would the combinations of communication methods be?**
- 3. Which one communication method would be most useful?**
- 4. Which one communication method would be least useful?**





Keen for more insights?

Speak with your Australia
Post Account Manager
or call 13 11 18.

For more research results related to consumer attitudes towards and preferences for mail and other advertising channels, visit auspost.com.au/business-solutions/research-reports.html

This report has been prepared by Australia Post, based on the research findings of the Australian Consumer, Retail, and Services (ACRS) research unit within the Department of Marketing at the Monash Business School. The report and research findings are current as of November 2015. Australia Post has published these findings with permission, and accepts no responsibility for their accuracy and / or completeness.